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NSC BRIEFING

22 July 1954

SOVIET BLOC NEED FOR COPPER

- I. Copper is metal most actively sought in Soviet clandestine trade.
 - A. Shipment copper to Bloc embargoed by COCOM 1951.
 - B. Clandestine efforts reached peak 1951-52, when world demand highest (following Korea).
 - C. Efforts still at high level: increasing Bloc interest wire, electrolytic copper. Soviet now attempting purchase in larger lots.

NSA review completed

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II. Copper essential to modern economy,
modern war. (Used in ammunition,
vehicles, artillery, aircraft, naval
vessels, communications and fire-control
equipment, etc.)

A. Bloc in 1953 produced 13% of world
copper; consumes 18%. Gap requires
imports.

B. Example, Bloc requirement 1953
670,000 m.t.

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1. Bloc production - 422,000

2. Imports - 100,000

3. Total - 522,000

4. Thus, deficit 148,000 m.t.,
despite imports.

C. Bloc 1953 use of copper:

1. Munitions, military
equipment - 20%

2. Direct support of
military - 17%

3. Stockpile - 10%

4. This roughly half total
available (say 250,000 m.t.).

III. Bloc copper production now hampered by
need advanced technology, lack natural
resources.

A. In USSR, rich Ural ores being
exhausted, new production in
Kazakhstan and Central Asia slow.

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ORE QUALITY
REQUIRES SPECIAL
EXTRACTION TECHNIQUE

1. Central Asia ores present metallurgical problems.
2. Kazakhstan has water shortage, harsh weather.

B. However, gap narrowing. Example
(thousands m.t.):

	<u>1953</u>	<u>1954</u>	<u>1955</u> <i>EST</i>
(Require)	670	700	780
(Produce)	<u>422</u>	<u>480</u>	<u>600</u>
Deficit:	248	220	180

IV. Most free world controlling Bloc purchases. However, problem complicated by multiple trade transactions, lack controls in "free ports."

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- C. Same US analysis shows Bloc tried get 192,000 tons more, maybe got half. Other half stopped or disrupted by COCOM.
- D. Control problem aggravated by slump in copper since early 1953, accumulation large unsold stocks.
 - 1. Chile situation especially bad, by March 1954 total 175,000 tons unsold.
 - 2. US then purchased 100,000 tons from Chile.

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surplus
E. At present, little copper on world
market (Chile even has unfilled
orders). Fact should eliminate
pressure for sales to Bloc.

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